



December 11, 2013

Ronald Berkman
President
Cleveland State University
2121 Euclid Avenue
Cleveland, OH 44115-2214

Certified Mail Return Receipt Requested
7012 1640 0000 0567 8481

RE: **Final Program Review Determination**
OPE ID: 00303200
PRCN: 2011 2 05 27429

Dear Mr. Berkman:

The U.S. Department of Education's (Department's) School Participation Team -- Chicago/Denver issued a program review report on March 7, 2013 covering Cleveland State University's (CSU) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2009/2010 and 2010/2011 award years. CSU's final response was received on March 26, 2013. A copy of the program review report (and related attachments) and CSU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CSU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$5,768.71.

This final program review determination contains detailed information about the liability determination for all findings.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the March 7, 2013 program review report. If CSU wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date CSU receives this FPRD. An original and four copies of the information CSU submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

CSU's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to CSU's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Stefanie Tucker at (312) 730-1726. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6); (b)(7)(C)

Douglas Parrott
Division Director

Enclosure:
Protection of Personally Identifiable Information
Final Program Review Determination

cc: Rachel Schmidt, Financial Aid Administrator
Ohio Board of Regents
North Central Association of Colleges and Schools

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for
Cleveland State University

Federal Student Aid
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OPE ID 00303200
PRCN 2011 2 05 27429

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Chicago/Denver

Final Program Review Determination December 11, 2013

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A. Institutional Information

Cleveland State University
2121 Euclid Avenue
Cleveland, OH 44115

Type: Public

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Higher Learning Commission

Current Student Enrollment: 17,386 (2010/2011)

% of Students Receiving Title IV, HEA funds: 60.19% (2010/2011)

Title IV, HEA Program Participation (PCNet):

	2010/2011
Federal Pell Grant (Pell Grant)	\$ 24,146,332.00
Academic Competitiveness Grant (ACG)	\$ 468,190.00
National Science and Mathematics Access to Retain Talent Grant (SMART)	\$ 719,500.00
Teacher Education Assistance for College and Higher Education (TEACH)	\$ 160,810.00
Perkins Loan Program (Perkins)	\$ 308,715.00
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 308,896.00
Federal Work Study (FWS)	\$ 755,409.00
William D. Ford Federal Direct Loan Program (Direct Loan)	\$121,790,814.00

Default Rate DL: 2011: 6.2%
 2010: 7.3%
 2009: 6.9%

Default Rate Perkins: 2011: 22.0%
 2010: 22.6%
 2009: 19.9%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Cleveland State University (CSU) from February 14, 2011 to February 18, 2011. The review was conducted by Mark Holland, Bill Johnson, and Jason Charlton.

The focus of the review was to determine CSU's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of CSU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2009/2010 and 2010/2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on March 7, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CSU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve CSU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 1, 2, and 4

CSU has taken the corrective actions necessary to resolve findings 1, 2, and 4 of the program review report. Therefore, these findings may be considered closed. CSU's written response related to Findings 1, 2, and 4 can be found in Appendix F of this report. Findings requiring further action by CSU are discussed below.

Findings with Final Determinations

The program review report finding(s) requiring further action are summarized below. At the conclusion of each finding is a summary of CSU's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on March 7, 2013 is attached as Appendix G.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 3. Standard Academic Progress (SAP) Not Monitored

Citation Summary: *34 C.F.R. § 668.34(a)(1)(2) requires an institution to establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if the policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the title IV, HEA programs and the policy provides for consistent application of standards to all students within categories of students.*

34 C.F.R. § 668.34(a)(9) goes on to state that if the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes (i) how the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs; (ii) the basis on which a student may file an appeal: the death of a relative, an injury or illness of the student, or other special circumstances; and (iii) information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation.

Noncompliance Summary: *Student 7 submitted a petition for reinstatement of financial aid eligibility to CSU for Spring 2009 without proper documentation of extenuating circumstances or clarification on how student 7 planned to improve upon past academic performance. The lack of special circumstances for this student should have led to a petition denial by the SAP Appeal Committee; which would have made student 7 ineligible for Title IV funds for the 2009/2010 academic year.*

Required Action Summary: *CSU must correct the error made with student 7 and provide documentation that the Pell Grant in the amount of \$5,350 and Direct Loan funds in the amount of \$12,500 was returned to the Department.*

The institution must develop and implement written policies specifying how it reviews SAP Appeals. If written policies and procedures are already established, CSU must make necessary adjustments to ensure they are in compliance and are following their own written policy. A copy of these policies and procedures should be included in the response to this report.

CSU's Response: CSU did not agree with this finding. The institution states that student #7's SAP appeal document meets the standards letter which outlines exactly what the student must do to reestablish his aid eligibility, (ii) the basis on which he may file an appeal, other special circumstances; and (iii) student states in written testimony why he failed to make satisfactory academic progress and he states clearly what changed in his situation that allowed him to demonstrate academic success. Student's appeal was approved based on stated guidelines. Student successfully met SAP at the end of semester in which appeal was granted and being questioned.

CSU's written response to the program review report was provided to the Department on March 26, 2013. This response is included in Appendix F of this report. The remaining documents from CSU are excessively voluminous and will be retained in the Department's record storage system.

Final Determination: CSU is liable for the ineligible 2009/2010 Federal Pell Grant funds disbursed to student #7 totaling \$5,350. The institution is also liable for the interest costs in the amount of \$370.92 associated with the ineligible disbursement. A copy of the interest calculation is included in Appendix B. Payment instructions are provided at the end of this letter.

CSU is also liable for the total amount of FFEL Loan funds (subsidized and unsubsidized) disbursed to student #7 for the 2009/2010 award years is \$12,500. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on CSU's most applicable cohort default rate for the 2009/2010 award year. As a result, the estimated actual loss that CSU must pay to the Department for the ineligible loans is \$47.79. A copy of the results of that calculation is included as Appendix C.

D. Summary of Liabilities

Established Liabilities

Liabilities	Pell (Closed Award Year)	EALF FFEL	
Finding 3	\$5,350		
Subtotal 1	\$5,350	\$ 47.79	
Interest/SA	\$ 370.92		
Subtotal 2	\$5,720.92		
TOTAL	\$5,720.92	\$ 47.79	
Payable To:			Totals
Department	\$5,720.92	\$47.79	\$5,768.71

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on CSU's most recent cohort default rate available.

The total amount of FFEL Loan that CSU improperly disbursed during the 2009/2010 award year for Finding 3 \$12,500. The total estimated actual loss that CSU must pay to the Department for the ineligible loans is \$47.79. Copies of the results of those calculations are included in Appendix C.

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department \$1,000 or More but Less Than \$100,000

CSU owes to the Department \$5,768.71. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$5,768.71
DUNS: 010841617
TIN: 340966056
Program Review Control Number: 2011 2 05 27429

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. CSU is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits; contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to CSU's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, CSU has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due CSU from the Federal Government. **CSU may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CSU must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

3. Liabilities Owed to FFEL Lenders and the Department in the case of Direct Loans

Federal Family Education Loan (FFEL) Liabilities:

Finding(s): Finding 3

Appendix: C

FFEL – Estimated Actual Loss	
Amount	Award Year
\$47.79	2009/2010
Total \$47.79	

CSU must pay the amount above in FFEL estimated actual loss liabilities. This amount is reflected in the total amount owed to the Department in Section 1 above.

4. Liabilities Owed to the Department in the case of Title IV Grants

Pell Grant – Closed Award Year

Finding: Finding 3

Appendix: B

CSU must repay:

Pell Grant Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$5,720.92	\$370.92	Pell Grant	2009/2010
Total Principal	Total Interest		
\$5,720.92	\$370.92		

The disbursement record for the student identified in Appendix B to the applicable finding(s) must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendix B.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Stefanie Tucker within 45 days of the date of this letter.

F. Appendices

Appendix C: Estimated Actual Loss Calculation

Estimated Loss Formula

9/16/2013

Enter Institution Name Cleveland State University

Select Institution Type 4 Yr

Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1 FFEL Subsidized	2009-2010	\$ 5,249.00	6.20%	0.91%	\$ 47.79
2 FFEL Unsubsidized	2009-2010	\$ 7,251.00	6.20%	-6.87%	\$ -
3					
Finding 3		\$ 12,500.00			\$ 47.79
4					
5					
6					
Description		\$ -			\$ -
7					
8					
9					
Description		\$ -			\$ -
10					
11					
12					
Description		\$ -			\$ -
Original Ineligible Loan Liability		\$ 12,500.00	Total Estimated Loss		\$ 47.79

Appendix D: Estimated Actual Loss Formula Description

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible FFEL and Direct Loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example:

Ineligible Principal Loan Amount	\$100,000
Cohort Default Rate	10.0%
Estimated Default Amount Due	\$ 10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

Period	School Type	One-Year	Two-Year	Four-Year	Rate Types
Disbursement to Repayment		584	774	969	Interest & SA
Repayment to Default		418	498	619	SA
Repayment to Paid In Full		1659	1580	1712	SA

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)
 Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)
 $\$40,000/2 \times (451 \times (.0422/365))$
 $+ \$40,000/2 \times (730 \times (.0625/365))$
 $+ \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61$

Unsubsidized Loan Amount (Special Allowance Only)
 $\$60,000/2 \times (451 \times (.0145/365))$
 $+ \$60,000/2 \times (730 \times (.0155/365))$
 $+ \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.